



# House of Representatives

General Assembly

**File No. 607**

February Session, 2016

House Bill No. 5491

*House of Representatives, April 14, 2016*

The Committee on Finance, Revenue and Bonding reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT CONCERNING THE FILM TAX CREDIT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (3) of subsection (a) of section 12-217j of the  
2 2016 supplement to the general statutes is repealed and the following  
3 is substituted in lieu thereof (*Effective from passage*):

4 (3) (A) "Qualified production" means entertainment content created  
5 in whole or in part within the state, including motion pictures, except  
6 as otherwise provided in this subparagraph; documentaries; long-  
7 form, specials, mini-series, series, sound recordings, videos and music  
8 videos and interstitials television programming; interactive television;  
9 relocated television production; interactive games; videogames;  
10 commercials; any format of digital media, including an interactive web  
11 site, created for distribution or exhibition to the general public; and  
12 any trailer, pilot, video teaser or demo created primarily to stimulate  
13 the sale, marketing, promotion or exploitation of future investment in  
14 either a product or a qualified production via any means and media in  
15 any digital media format, film or videotape, provided such program

16 meets all the underlying criteria of a qualified production. For the state  
 17 fiscal years ending June 30, 2014, June 30, 2015, June 30, 2016, and June  
 18 30, 2017, "qualified production" shall not include a motion picture that  
 19 has not been designated as a state-certified qualified production prior  
 20 to July 1, 2013, and no tax credit voucher for such motion picture may  
 21 be issued during said years, except, for the state fiscal years ending  
 22 June 30, 2015, June 30, 2016, and June 30, 2017, "qualified production"  
 23 shall include (i) a motion picture for which twenty-five per cent or  
 24 more of the principal photography shooting days are in this state at a  
 25 facility that receives not less than twenty-five million dollars in private  
 26 investment and opens for business on or after July 1, 2013, and a tax  
 27 credit voucher may be issued for such motion picture, or (ii) a  
 28 production for which at least half of the entertainment content is  
 29 produced in this state, at least half of the personnel reside in this state  
 30 and the total cost of production is less than two million dollars, and a  
 31 tax credit voucher may be issued for such production.

32 (B) "Qualified production" shall not include any ongoing television  
 33 program created primarily as news, weather or financial market  
 34 reports; a production featuring current events, other than a relocated  
 35 television production, sporting events, an awards show or other gala  
 36 event; a production whose sole purpose is fundraising; a long-form  
 37 production that primarily markets a product or service; a production  
 38 used for corporate training or in-house corporate advertising or other  
 39 similar productions; or any production for which records are required  
 40 to be maintained under 18 USC 2257 with respect to sexually explicit  
 41 content.

This act shall take effect as follows and shall amend the following sections:		
Section 1	from passage	12-217jj(a)(3)

**FIN**            *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 17 \$</b>	<b>FY 18 \$</b>
Revenue Serv., Dept.	GF - Revenue Loss	See Below	None

Note: GF=General Fund

#### ***Municipal Impact:*** None

#### ***Explanation***

The bill, which exempts film productions meeting certain job and cost criteria from the moratorium on film production tax credits, results in a General Fund revenue loss of up to \$600,000 per production qualifying under the bill. As the film tax credit moratorium is effective through FY 17, the revenue impact is limited to FY 17 only. It is unknown how many productions would qualify within that time period.

For illustrative purposes, assuming two qualifying productions with total production costs of \$1 million each would be eligible for a credit under the bill this would result in a revenue loss of \$600,000 in FY 17 (2 productions \* \$1,000,000 each in production expenses \* 30% tax credit = \$600,000).

#### ***The Out Years***

The fiscal impact of the bill is limited to FY 17 only.

**OLR Bill Analysis****HB 5491*****AN ACT CONCERNING THE FILM TAX CREDIT.*****SUMMARY:**

This bill eliminates, for certain productions, an FY 16 & FY 17 moratorium on film and digital media production tax credits. Specifically, it allows eligible production companies to earn credits for expenses incurred in making productions (1) that produce at least 50% of their entertainment content in Connecticut, (2) whose personnel are comprised of at least 50% Connecticut residents, and (3) that have a total production cost of less than \$2 million.

As under current law, the moratorium does not apply to motion pictures that conduct at least 25% of their principal photography days in a Connecticut facility that (1) receives at least \$25 million in private investment and (2) opened for business on or after July 1, 2013.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Related Bill***

sHB 5046, favorably reported by the Finance, Revenue and Bonding Committee, contains identical provisions lifting the moratorium on film tax credits for certain productions.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 44      Nay 0      (03/24/2016)